

Appendix 1

APPENDIX 1 – REGIONAL PERFORMANCE INFORMATION AND SUCCESS STORIES

Appendix 1 spotlights the accomplishments of the SBA District Offices, operating under the 10 Regional Offices. These serve as SBA's feet on the street. The District Offices work closely with resource partners – SCORE, Small Business Development Centers, and Women's Business Centers – to match local resources to local needs.

Just as importantly, through the Office of Field Operations, they represent to Headquarters the interests of small businesses in their regions. They provide input into all policy formation and participate in policy deliberations that are critical to field activity.

The brief write-ups that follow display the outcomes of the efforts of the field offices. These appear not only in the statistics, in the dollar value of loans and financing, in the numbers of clients counseled and trained; they also are evidenced in the 10 success stories featured. These stories are only but a few examples of the thousands of successes brought about every year by the work and commitment of the employees of SBA, their partners, and entrepreneurs across the Nation.

The data in the tables is aggregated first by state and then by region. The following notes indicate the sources of the data:

- a. Value of newly funded 7(a) and 504 loans. Data derived from Loan Accounting Tracking System.
- b. Value of SBIC financings. Data derived from reporting by Small Business Investment Companies on Form 1031. The SBICs financings reflect the total amount of financing the small businesses received. FY 2005 totals have been restated from those published in the FY 2005 PAR. The restatement is required due to a clerical error made in the final preparation of the PAR Report.
- c. Value of federal contracts. Data obtained from Federal Procurement Data System. Neither FY 2005 nor FY 2006 data were available from this source at the time the FY 2006 PAR document was produced. Accordingly, the most recent data available (FY 2004) is presented. The value of federal contracts in the U.S. Outlying Areas (Puerto Rico, Virgin Islands, Guam and American Samoa) is not available broken down by territory; consequently, the value of federal contracts in Puerto Rico is not being reported.
- d. Clients counseled/trained by SBDC, SCORE or WBC. Data derived from Office of Entrepreneurial Development estimates based on third quarter numbers from EDMIS.

Region I

The SBA guaranteed loans totaling \$858 million to small businesses throughout the Northeast reflecting 6,573 7(a) loans and 550 Section 504 approved loans.

The counseling and education of entrepreneurs remains a priority in Region I. The region's resource partners - SCORE, SBDC and WBC - counseled and trained approximately 70,000 clients in FY 2006.

| Region I States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|-----------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Connecticut | \$215 | \$212 | \$46 | \$82 | \$9,310 | UNAVAIL | 17,102 | 15,420 |
| Maine | \$79 | \$79 | \$16 | \$21 | \$1,631 | UNAVAIL | 10,216 | 8,631 |
| Massachusetts | \$340 | \$324 | \$207 | \$140 | \$8,471 | UNAVAIL | 18,444 | 25,397 |
| New Hampshire | \$153 | \$110 | \$31 | \$32 | \$871 | UNAVAIL | 6,707 | 7,105 |
| Rhode Island | \$93 | \$84 | \$26 | \$11 | \$498 | UNAVAIL | 5,701 | 7,802 |
| Vermont | \$56 | \$49 | \$7 | \$1 | \$502 | UNAVAIL | 4,624 | 5,540 |
| Totals | \$936 | \$858 | \$333 | \$287 | \$21,283 | UNAVAIL | 62,794 | 69,895 |

SUCCESS STORY

The SBA Helps Business Find Its Way



Kija Kim was honored this year as the SBA Massachusetts Small Business Person of the Year. She co-founded Harvard Design & Mapping Co. Inc. (HDM) in 1988 and now serves as the firm's President and CEO.

Kija is a pioneer in the geographic information systems field and was one of the first women to head a technology company. HDM provides state-of-the-art, location-based information technology services and products to federal, state and municipal agencies, and to Fortune 1000 companies.

Kija credits the SBA's 8(a) Business Development program with helping HDM win \$3 million in contracts during its nine years in the program. HDM's 8(a) certification gave the company the boost it needed to build an excellent reputation and the infrastructure necessary to compete on its own merit. In addition, HDM developed numerous innovative proprietary products and secured a listing on the GSA schedule for Federal government contracting while in the 8 (a) program.

In 1992 HDM got a \$240,000 7(a) loan guaranty that helped the company grow to the point where a second location, a federal projects office in Arlington, Virginia, was established.

Today, HDM's projects span the globe. In addition to their work in the U.S., the company has completed projects in Egypt, Senegal, Japan, Venezuela, and Puerto Rico. Its international projects have focused on providing solutions for environmental agencies and utilities, including electric, gas and telecommunications companies. The company reports revenues of \$3 million and has doubled its staff from 16 to 32 over the past two years.

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Region II

FY 2006 was a positive year for SBA lending in this region, with 7(a) and 504 loans totaling \$1.45 billion. All five district offices in the region reported a record number of Section 504 loans, with 504 loans totaling \$270 million. The SBAExpress loan program continued to grow as a percentage of total lending: 78% of the region's loans were approved under this program, almost a 20% increase from last year.

In addition, small businesses received \$548 million in venture capital with New York being in the lead with a 19% increase over last year.

| Region II States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts(millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|--------------------------|--|---------|---|---------|--|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| New Jersey | \$605 | \$521 | \$116 | \$94 | \$5,148 | UNAVAIL | 35,379 | 38,754 |
| New York | \$920 | \$805 | \$377 | \$448 | \$7,091 | UNAVAIL | 110,467 | 81,934 |
| Puerto Rico ^e | \$151 | \$124 | \$14 | \$6 | UNAVAIL | UNAVAIL | 16,022 | 14,689 |
| Totals | \$1,676 | \$1,450 | \$507 | \$548 | \$12,239 | UNAVAIL | 161,868 | 135,377 |

SUCCESS STORY

With the SBA by its Side, Clinical Laboratory Treats Patients as Family



Dr. Robert Whitlock approached the SBA and obtained a loan to remodel a building that later would be part of the largest clinical laboratory enterprise in Puerto Rico — Laboratorio Clínico Borinquen, Inc. Founded in 1971, Laboratorio Borinquen almost didn't make it, due to finances and lack of support from health insurance companies. But Robert and his wife Delia remained faithful to the founding partnership's philosophy of service and added new elements, expanding the business throughout the Island.

After Robert's death in 2000, Delia assumed the presidency of Laboratorio Clinico Borinquen, implementing commercial strategies through the years that would ensure the business' economic growth in a highly competitive market. She acquired a state-of-the-art computer system that allows customers to request services in one location and pick up their results in any of the lab's other branches.

"Our commitment is what really sets us apart from other labs," Delia says. "We treat each and every patient that walks through our doors as if he or she were a member of our own family."

With services in such fields as pathology, hematology, and immunology, Laboratorio Clínico Borinquen has 20 locations and over 200 employees. The business serves nearly 900 patients daily and processes over one million lab tests a year, generating over \$8 million in annual revenues. "There are so many people I need to thank," Delia acknowledges. "The SBA for believing in us when we were starting out, the banks that have backed us, my children for helping me move forward; but more than anything I need to thank our patients for trusting our services."

^e Data was not available for Puerto Rico at the time this document was produced.

Region III

By the end of FY 2006, the seven district offices of Region III had made a significant contribution to the SBA's seventh consecutive outstanding year of financial assistance to small businesses. Region III approved 8,409 loans which represent more than eight percent of total SBA lending and amounted to over \$1.2 billion.

The Region III district offices have also supported a robust Faith-Based and Community Initiative and are agency leaders in outreach collaborations with the Urban League.

| Region III States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|-------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Delaware | \$28 | \$36 | \$15 | \$3 | \$226 | UNAVAIL | 4,887 | 4,420 |
| Washington, DC | \$23 | \$37 | \$9 | \$2 | \$13,069 | UNAVAIL | 20,494 | 11,755 |
| Maryland | \$262 | \$258 | \$143 | \$90 | \$19,262 | UNAVAIL | 12,176 | 22,561 |
| Pennsylvania | \$678 | \$515 | \$54 | \$113 | \$8,535 | UNAVAIL | 77,227 | 48,275 |
| Virginia | \$303 | \$342 | \$61 | \$34 | \$33,964 | UNAVAIL | 19,044 | 34,902 |
| West Virginia | \$31 | \$33 | \$4 | \$3 | \$901 | UNAVAIL | 9,086 | 7,342 |
| Totals | \$1,325 | \$1,221 | \$286 | \$245 | \$75,957 | UNAVAIL | 142,914 | 129,255 |

SUCCESS STORY

The SBA Gets Her Hair Done!



Step into Diva's Day Spa and be transformed! Jane Moates, the owner and operator of Diva's Hair and Day Spa is all about transformation. Diva's is a busy and flourishing 8-year-old day spa in the center of the universe—Ashland, Virginia!

At age 17 Jane quit school, had to move from her home, worked three jobs and put herself through beauty school. She recalls driving by an old dilapidated brick building in 1996, that had ample parking and great location, and dreaming that someday she would be able to buy the building for her beauty business.

Jane made her dream come true! With the help of the SBA, she converted the old building into Diva's Day Spa. The 504 loan program, she says, "was the vehicle that allowed me to buy the building and establish a permanent location. Our staff has grown to 10 employees. Our revenue and client base, after buying and expanding the building, have both increased." Whether it is hair treatment, a manicure or pedicure, facial, full body spa, or all of these wrapped into one special package, the business caters to the well-being of its clients.

Jane cares for her employees as well, by providing a secure and safe working environment along with health and dental benefits. Jane takes pride in being able to provide something that is relatively unheard of in her industry, regardless of the significant cost to the business.

Would Jane change anything if she had a chance? "No way," she says, "I am grateful for everything that has happened to me. I wouldn't be where I am today without those experiences and the inspiration and support of my husband Larry."

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Region IV

Region IV continues to be an Agency leader in helping small businesses start, grow and succeed. In FY 2006, Region IV generated over 14% of the Agency's combined 7(a) and 504 loans making it the third largest producer of SBA-backed loans among the ten regions. Specific strategies were implemented to increase lending in the African American communities resulting in increases in Georgia and Alabama.

| Region IV States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Alabama | \$139 | \$127 | \$14 | \$4 | \$6,966 | UNAVAIL | 32,039 | 24,070 |
| Florida | \$1,122 | \$1,147 | \$106 | \$166 | \$10,453 | UNAVAIL | 54,233 | 68,801 |
| Georgia | \$628 | \$689 | \$89 | \$54 | \$5,350 | UNAVAIL | 29,225 | 35,483 |
| Kentucky | \$119 | \$121 | \$25 | \$2 | \$3,274 | UNAVAIL | 16,329 | 15,586 |
| Mississippi | \$111 | \$110 | \$11 | \$4 | \$2,248 | UNAVAIL | 10,163 | 13,915 |
| North Carolina | \$278 | \$290 | \$46 | \$68 | \$3,299 | UNAVAIL | 31,288 | 30,658 |
| South Carolina | \$144 | \$120 | \$29 | \$48 | \$4,028 | UNAVAIL | 16,207 | 15,564 |
| Tennessee | \$167 | \$163 | \$70 | \$39 | \$6,111 | UNAVAIL | 20,542 | 30,154 |
| Totals | \$2,708 | \$2,767 | \$390 | \$385 | \$41,729 | UNAVAIL | 210,026 | 234,231 |

SUCCESS STORY

He Retired To Do Business!



A native of India, Harbans Singla worked as a draftsman in Canada before moving to Buffalo, New York, in the 1960's where he obtained a mechanical engineering degree at the University of Buffalo. After graduation, he worked at Union Carbide and the Y-12 National Security Complex in Oak Ridge, Tennessee, until he retired in 1994.

Now, usually when people retire they stop working, but not Harbans! Upon retirement, Harbans established MS Technology, Inc., an engineering and technology development company. In March of 1997, MS Technology became certified as an 8(a) firm by the SBA. Today, it is a multimillion dollar company and the world leader in its field.

MS Technology commercializes new technologies in the field of manufacturing. The company faced a turning point in 2004 — how to remain competitive in the engineering services arena. Through careful strategic analysis, Harbans chose to license a new technology which utilized microwave energy. Their focus now is developing microwave energy applications to melt and cast metals, which has the potential to save the country billions of dollars in energy consumption. "This was something that had never been done and was quite contrary to the layperson's understanding of using a microwave," he said. By mid 2005, MS Technology was the world leader in this field. The decision proved profitable and resulted in a 75% increase in revenue in 2005. In addition, the remarkable potential of the microwave technology has opened the doors to other processes which MS Technology seeks to pursue.

Region V

Region V saw significant increases in its major SBA lending programs this fiscal year. Total 7(a) lending was 17,758 loans, a 5% increase over last fiscal year. But what is truly more significant is that 18% more of those 7(a) loans went to business start-ups and new entrepreneurs than last year. The Region's 504 loans were up 6% over last fiscal year for a total of 1,673 loans.

The Midwest region has continued to enhance its rural and urban radio campaigns. Currently over 350 radio stations in the Region support the 60-second monthly radio campaign. Each month a new PSA is recorded and customized with local success stories and highlighting a special group such as veterans, women, home-based businesses, etc.

| Region V States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|-----------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Illinois | \$613 | \$595 | \$145 | \$100 | \$5,635 | UNAVAIL | 49,147 | 46,774 |
| Indiana | \$283 | \$319 | \$30 | \$31 | \$3,702 | UNAVAIL | 17,637 | 25,142 |
| Michigan | \$526 | \$496 | \$39 | \$50 | \$3,596 | UNAVAIL | 34,472 | 26,160 |
| Minnesota | \$512 | \$466 | \$67 | \$62 | \$1,998 | UNAVAIL | 24,869 | 25,440 |
| Ohio | \$603 | \$562 | \$48 | \$76 | \$6,344 | UNAVAIL | 40,601 | 48,207 |
| Wisconsin | \$466 | \$371 | \$25 | \$18 | \$2,364 | UNAVAIL | 27,257 | 28,772 |
| Totals | \$3,003 | \$2,809 | \$354 | \$337 | \$23,639 | UNAVAIL | 193,983 | 200,495 |

SUCCESS STORY

A Purrfect Solution



The award-winning Purrfect Opener®, invented by Michigan resident Robert Mazur, is a tool to help people of all ages open medicine packages and other household products with ease, speed and safety. The inspiration for Purrfect Opener® came when Mazur saw his grandmother struggling to open up a package that contained her medicine. "I started noticing people using knives, scissors, teeth or just about any potentially dangerous tool to get into their medicine packaging," Mazur explains.

For the next three years Mazur worked on a prototype while putting himself through graduate school at the University of Michigan. After winning \$10,000 in a "Dare to Dream" competition, making design modifications and getting input from his family and friends, he came up with the Purrfect Opener®, — named because the tool looks like a cat. Mazur recalls, "I was in business for about a year when I entered another business plan competition co-sponsored by SCORE." Two months later he was notified that he placed in the top three among 1,500 applicants, had won \$25,000 and in-kind services of SCORE business counselors. "The advice and guidance I received from the SCORE representative reaffirmed I was on the right track," Mazur says. Since last year, sales have tripled and his company, B.A. Maze, Inc., continues to grow.

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Region VI

The SBA faced intense challenges in FY 2006 given the unprecedented devastation left by hurricanes Rita and Katrina, in both Louisiana and Texas. Government contracting realized an upward surge given the increased need for small business contracting services by many Federal Government agencies responding to the devastation wrought by the hurricanes and flood-related damage in the region.

| Region VI States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Arkansas | \$107 | \$105 | \$7 | \$13 | \$733 | UNAVAIL | 10,167 | 8,911 |
| Louisiana | \$130 | \$114 | \$27 | \$19 | \$3,221 | UNAVAIL | 16,895 | 15,744 |
| New Mexico | \$106 | \$96 | \$18 | \$11 | \$5,866 | UNAVAIL | 14,839 | 15,671 |
| Oklahoma | \$170 | \$151 | \$14 | \$3 | \$2,448 | UNAVAIL | 13,258 | 3,526 |
| Texas | \$1,448 | \$1,506 | \$143 | \$167 | \$27,278 | UNAVAIL | 109,122 | 115,894 |
| Totals | \$1,961 | \$1,972 | \$209 | \$213 | \$39,546 | UNAVAIL | 164,281 | 159,746 |

SUCCESS STORY

Quest for Excellence Creates Success!



At Oklahoma State University, Lino Mbroh worked toward a degree in mechanical engineering. Today, the 36-year-old Oklahoma native is President and Chief Executive Officer of Platinum Manufacturing, LLC, a company that designs and builds custom, luxury horse trailers and trailer products. The company has grown from five employees to a workforce of 150 and expects sales in excess of \$16 million this year.

Lino began his business in 2000 with a shoestring savings of about \$25,000. By April 2001 the first custom-designed Platinum Coach trailer, built from the ground up, rolled out the door. He produces an average of 15 to 20 trailers a week that are pre-sold by 36 dealers across the nation and one in Canada. Excellence resulted in success, and to meet the needs of expansion, Lino went to the Metro Area Development Company for help in securing a 504 loan backed by the SBA to purchase a 62,000 square foot manufacturing facility.

"We don't build the most, we build the best! We build a superior product that speaks for itself," says Lino. "We've built trailers with hot tubs, fireplaces, plasma TVs, and full kitchens including gas stoves and microwaves. Whatever our customers can dream of we design and build it."

Region VII

In FY 2006, Region VII guaranteed loans totaling \$664 million to over 4,000 small businesses across the region. Region VII worked extensively to implement the Urban Entrepreneur Partnership initiative. This initiative fosters minority entrepreneurship, business development, and job creation in historically neglected and economically underserved urban areas nationwide. As a result of these collaborative efforts, five one-stop Economic Empowerment Centers have been established, one in Kansas City.

Region VII expanded regular radio interviews to more than 150 stations per month to increase awareness of national economic developments and SBA programs and services impacting small businesses. It also focused on increasing the participation of veterans, and aggressively recruited lenders to keep pace with the demand for capital in rural communities.

| Region VII States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|-------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Iowa | \$180 | \$153 | \$10 | \$9 | \$1,421 | UNAVAIL | 17,863 | 13,508 |
| Kansas | \$149 | \$116 | \$9 | \$21 | \$2,064 | UNAVAIL | 5,217 | 13,787 |
| Missouri | \$303 | \$301 | \$48 | \$69 | \$7,608 | UNAVAIL | 21,731 | 39,731 |
| Nebraska | \$101 | \$94 | \$18 | \$3 | \$586 | UNAVAIL | 8,531 | 8,037 |
| Totals | \$733 | \$664 | \$85 | \$102 | \$11,679 | UNAVAIL | 53,342 | 75,063 |

SUCCESS STORY

The SBA Helps a Helper



P/Strada, a Kansas City, Missouri-based organizational development and homeland security consulting and development company, was started in 2001 by Patrice Manuel. Patrice is a retired military officer with 20 years experience in project management and organizational development. She is a certified project management professional, has a master's degree in administration, and is completing a Ph.D. in organizational behavior.

"I looked at working for other companies," Manuel said, "but I wanted to stay in project management and strategic planning." P/Strada, LLC is the business consultant leader for the management of alternative growth. Because it considers itself a development company, it focuses on how to get more out of what you already have by

improving your organization's productivity, profitability, responsiveness and customer satisfaction.

The SBA was proud to assist this company by certifying it in its 8(a) and HUBZone programs and as both a Small Disadvantaged Business and a Service Disabled Veteran-owned business. Latest news shows P/Strada holding eleven employees, eight consultants, and contracts with the state of Missouri, the U.S. Army Corps of Engineers and several military bases, including Fort Leonard Wood and Batelle.

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Region VIII

The SBA's Region VIII office, headquartered in Denver, serves the most rural region in the Nation. The region includes 27 separate tribal nations and over 580,000 square miles of territory, with the smallest population of any of the 10 federal regions. In FY 2006, 5,217 7(a) loans and 790 Section 504 loans were approved for a total of more than \$1 billion. The regional portfolio for 7(a) loans is now \$2.4 billion and the 504 portfolio is \$1.3 billion. The region saw an increase in the influx of venture capital with Colorado in the lead with a 45% increase over FY 2005.

| Region VIII States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|--------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Colorado | \$485 | \$506 | \$77 | \$112 | \$5,338 | UNAVAIL | 22,143 | 22,580 |
| Montana | \$76 | \$66 | \$0 | \$0 | \$530 | UNAVAIL | 7,623 | 8,426 |
| North Dakota | \$72 | \$57 | \$0 | \$2 | \$461 | UNAVAIL | 6,695 | 7,307 |
| South Dakota | \$41 | \$46 | \$2 | \$9 | \$386 | UNAVAIL | 6,500 | 6,057 |
| Utah | \$297 | \$297 | \$38 | \$39 | \$2,217 | UNAVAIL | 17,344 | 18,679 |
| Wyoming | \$36 | \$32 | \$0 | \$2 | \$240 | UNAVAIL | 5,283 | 4,497 |
| Totals | \$1,007 | \$1,004 | \$117 | \$164 | \$9,172 | UNAVAIL | 65,588 | 67,546 |

SUCCESS STORY

The SBA Sews it All Together



The idea for Creative Stitches began in 1998. While her kids were in day care, Sandra Kokoruda spent mornings researching, writing her business plan, taking classes at the SBA's Business Information Center and utilizing resources at the local SBA Women's Business Center. Her afternoons were spent with her children, playing games, and doing the everyday chores of cooking, laundry and cleaning. She submitted an application under the SBA's expedited LowDoc loan program and, after initially being declined, the \$40,000 loan was approved.

Creative Stitches, a retail store selling sewing machines, serge, fabrics, and notions, opened its doors in March 1999. When the store first opened inventory was limited. So, to make it seem like there was more than there actually was, Sandra turned the bolts of cloth sideways to take up more room on the shelves. Gross sales the first year were \$71,000, leaving Sandra surprised, but delighted.

Sandra began offering sewing classes and machine repair, and growth continued at an amazing rate. A second SBA-backed loan was secured to change from clothing fabrics to quilt fabrics. From its starting year to our latest update in 2005, Sandra's inventory had more than doubled and gross sales had increased by 400%.

Region IX

For the past several years, Region IX, which includes nine district offices and one branch office, has led the nation in the number of loans processed and the total value of such loans. In FY 2006, the region increased 7(a) and 504 loan production by almost 10%, from 17,066 loans in 2005 to 18,770 loans this year amounting to approximately \$4.4 billion. This success is partly due to utilization of Alternate Work Sites in Arizona and Nevada to extend its reach in these large western states.

SBA's first regional Matchmaking event of 2006 was held in Oakland and included 464 companies, which got matched with 90 distinct buying organizations. In total, the region facilitated nearly 20,000 Matchmaking meetings throughout the year.

| Region IX States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|------------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Arizona | \$552 | \$648 | \$25 | \$42 | \$9,533 | UNAVAIL | 28,481 | 38,077 |
| California | \$3,840 | \$3,503 | \$487 | \$457 | \$38,266 | UNAVAIL | 149,455 | 155,623 |
| Hawaii | \$40 | \$31 | \$0 | \$5 | \$2,008 | UNAVAIL | 9,711 | 6,075 |
| Nevada | \$241 | \$249 | \$10 | \$15 | \$1,495 | UNAVAIL | 12,195 | 12,548 |
| Totals | \$4,673 | \$4,431 | \$522 | \$519 | \$51,302 | UNAVAIL | 199,842 | 212,323 |

SUCCESS STORY

No One Beats SBA in the Kitchen!



Use only the highest quality ingredients, combine a talented chef with a creative business banker, blend until smooth. Add passion and experience, season with a dash of the SBA, and — Voilà! Chef Mavro's remarkable restaurant!

With years as an executive chef in Honolulu and having owned two restaurants in France, George Mavrothalassitis expected no problem securing financing to open a restaurant in Waikiki, Hawaii. Everything was coming together — the location, the menu, the design. But Mavro soon discovered that commercial bank loans for restaurants were difficult, even for well-qualified applicants. "I found it hard to believe that, with my background, the bankers were saying no. They told me it was the wrong time, restaurants are too risky."

Finally, Mavro met a banker who saw something in him. That banker was Paul Lemcke of City Bank. He was receptive to Mavro's proposal and was willing to support the loan request when packaged with an SBA guaranty. Chef Mavro's opened in 1998 with the expected excitement and fanfare, followed by a typical slowdown. Even in the toughest times, Mavro never compromised the quality and freshness of the gourmet food and wines he's become so well known for. Demonstrating that business savvy, Mavro secured a second SBA loan to purchase a sophisticated financial system to monitor expenses and income that has helped Chef Mavro's remain the strong establishment it is today.

Appendix 1

Region X

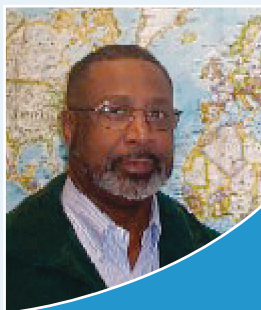
Loans totaling \$902 million were pumped into the Pacific Northwest and Alaska economy during FY 2006. Region X surpassed their target lending and approved 4,557 7(a) loans and 472 Section 504 loans. Additionally, record numbers of African Americans, Hispanics, Asians, Native American, women and veterans received loans.

Approximately 65,500 prospective and/or established small business owners received counseling and training from SBA and its resource partners throughout the region during this fiscal year.

| Region X States | Value of Newly Funded 7(a) and 504 Loans (millions) ^a | | Value of SBIC Financings (millions of dollars) ^b | | Value of Federal Contracts (millions of dollars) ^c | | Clients Counseled/ Trained in SBDC, SCORE, WBC ^d | |
|-----------------|--|---------|---|---------|---|---------|---|---------|
| | FY 2005 | FY 2006 | FY 2005 | FY 2006 | FY 2004 | FY 2005 | FY 2005 | FY 2006 |
| Alaska | \$43 | \$38 | \$0 | \$0 | \$1,701 | UNAVAIL | 5,576 | 4,949 |
| Idaho | \$157 | \$154 | \$7 | \$1 | \$1,318 | UNAVAIL | 6,537 | 7,491 |
| Oregon | \$220 | \$193 | \$23 | \$37 | \$1,118 | UNAVAIL | 26,764 | 22,023 |
| Washington | \$471 | \$517 | \$62 | \$59 | \$6,654 | UNAVAIL | 25,616 | 31,087 |
| Total | \$891 | \$902 | \$92 | \$97 | \$10,791 | UNAVAIL | 64,493 | 65,550 |

SUCCESS STORY

Nobody Bosses Trailboss!



Trailboss Enterprises Incorporated (TEI), based out of Anchorage, Alaska, specializes in transportation and logistical support, providing services to government organizations around the world, including Air Force bases in Anchorage, North Carolina, North Dakota, Texas, the United Kingdom and Germany. TEI provides aircraft servicing and maintenance, prefabricated buildings, underground utilities, demolition, excavation, paving, and transportation and logistical support.

Learning to navigate the maze that accompanies government contracting was a crucial objective for TEI founder, U.S. Air Force retired Chief Master Sergeant Joseph Tolliver. "I had a lot to learn about contracting. It's a daunting task for new business owners. It's all about being prepared."

Fortunately, Joe was able to utilize the SBA's 8(a) Minority Business Development program. Trailboss was soon awarded its first 8(a) contract at Elmendorf Air Force Base. Many more contracts were to follow, and soon TEI developed into one of the leading airfield support service contractors for the U.S. Department of Defense. Not bad for a company that had a modest start in snow removal!

"We live in the greatest country in the world and we're only limited by our imaginations," Joe says.